

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE CENTERLINE HOLDING COMPANY  
SECURITIES LITIGATION

08-CV-00505-SAS

BRIAN QUILL, Individually and on behalf of all  
others similarly situated,

Plaintiff,

v.

CENTERLINE HOLDING CO., INC., *et al.*,

Defendants.

08-CV-01902-SAS

JOHN CARFAGNO, derivatively on behalf of  
CENTERLINE HOLDING COMPANY,

Plaintiff,

v.

MARC D. SCHNITZER, *et al.*,

Defendants.

08-CV-00912-SAS

TONY BROY, derivatively and on behalf of  
Nominal Defendant CENTERLINE HOLDING  
COMPANY,

Plaintiff,

v.

08-CV-01971-SAS

JEFF T. BLAU, *et al.*,

Defendants.

**RESPONSE OF DEFENDANTS TO MOTION TO CONSOLIDATE**

Defendants Centerline Holding Company, Stephen M. Ross, Jeff T. Blau and Marc D. Schnitzer (in the above actions); Robert L. Levy (in 08-CV-00505-SAS, 08-CV-01902-SAS and 08-CV-01971-SAS); Leonard W. Cotton (in 08-CV-01902-DAB, 08-

CV-00912-SAS and 08-CV-01971-SAS); Peter T. Allen (in 08-CV-01971-SAS); Robert J. Dolan and Robert A. Meister (each in 08-CV-00912-SAS); and Nathan Gantcher, Jerome Y. Halperin, Robert L. Loverd, Janice Cook Roberts and Thomas W. White (each in 08-CV-00912-SAS and 08-CV-01971-SAS) hereby respond to the Motion of certain proposed Lead Plaintiffs to consolidate the above actions.

### **DEFENDANTS' POSITION**

Defendants respectfully submit that *Brian Quill v. Centerline Holding Co., Inc., et al.*, 08-CV-01902-DAB (“*Quill*”) should be consolidated for all purposes with *In re Centerline Holding Company Securities Litigation*, 08-CV-00505-SAS (the “*Securities Litigation*”), as both proceedings are putative class actions asserting claims under the federal securities laws based on closely related allegations. *John Carfagno v. Marc D. Schnitzer, et al.*, 08-CV-00912-SAS (“*Carfagno*”), should be consolidated with *Tony Broy v. Jeff T. Blau, et al.*, 08-CV-01971-SAS (“*Broy*”), as both are putative derivative actions asserting claims under state law based on closely related allegations. The federal securities class actions and the derivative actions should not be formally consolidated with each other but should be coordinated for pre-trial purposes.

### **BACKGROUND**

On March 3, 2008, the Court entered a Stipulation and Order consolidating into the *Securities Litigation* a number of putative class actions asserting federal securities claims against Centerline Holding Company (“Centerline”) and certain of its officers and directors. (Copy attached hereto as Exhibit A.) The consolidated cases arise out of Centerline’s December 28, 2007 announcements that: (i) it had completed a transaction with Freddie Mac to securitize its tax-exempt mortgage revenue bond portfolio; (ii) the Related Companies would be purchasing, through an affiliate \$131,250,000 in newly-

issued convertible preferred Centerline stock (the “Preferred Stock Offering”); and (iii) its annual dividend guidance policy would be reduced from \$1.68 (its 2006 level) to \$0.60.

Currently before the Court are a number of contending motions for appointment of Lead Plaintiff and approval of Lead Counsel in that consolidated litigation. One of those motions, that of Roslyn Goldenberg, Mitchell Goldenberg, Jane Goldenberg, Michael Goldenberg and Lisa Goldenberg (collectively, the “Goldbergs”), also seeks consolidation of all of the cases captioned above.

Defendants take no position on the appointment of Lead Plaintiff and Lead Counsel at this time but reserve all of their rights to oppose class certification if and when it is sought, on any and all available grounds. For the present, Defendants address only the Goldenbergs’ request for consolidation.

The Goldenbergs seek to consolidate with the *Securities Litigation* three additional cases: *Quill*, *Carfagno* and *Broy*. *Quill* is a putative class action asserting federal securities claims similar to those in the cases already consolidated, against largely the same defendants, and it should be consolidated into the *Securities Litigation*. *Carfagno* and *Broy*, are derivative actions that involve factual issues in common with the *Securities Litigation* and *Quill*. *Carfagno* and *Broy*, however, are also factually distinct from the *Securities Litigation* and *Quill*.

Defendants agree that the presence of substantial common factual issues does call for coordination between the two categories of cases for pre-trial purposes to avoid unnecessary duplication of effort. *Carfagno* and *Broy*, however, should not be formally consolidated with the *Securities Litigation* and *Quill*.

This court has broad discretion to manage its docket, including consolidation of cases, as appropriate. *See Garber v. Randell*, 477 F.2d 711, 714 (2d Cir. 1973). Set forth below is a practical proposal for the consolidation of these related cases into two consolidated actions and their further coordination.

### **THE PROPOSED COORDINATION**

In view of the foregoing, Defendants respectfully propose the following steps to coordinate the various cases captioned above:

1. *Quill* should be consolidated with the *Securities Litigation*.
2. *Carfagno* and *Broy* should be consolidated together as *In re Centerline Holding Company Derivative Litigation* (the “*Derivative Litigation*”).
3. All papers served in either the *Securities Litigation* or the *Derivative Litigation* should be served on all parties in both.
4. Defendants should respond to the complaints in the *Derivative Litigation* on the same schedule as in the *Securities Litigation*, and the briefing on any motion to dismiss the *Derivative Litigation* should follow the same schedule as in the *Securities Litigation*.
5. In the event Defendants’ motions to dismiss both cases are denied, discovery in both cases should proceed simultaneously and in a unified manner.

6. Parties in both cases should receive notice of any deposition in either case and should be entitled to attend and cross-examine at all such depositions. Plaintiffs in both cases should collaborate on the identification of deposition witnesses and noticing of depositions to avoid confusion, duplicative requests and undue burden.

Dated April 4, 2008  
New York, New York

**PAUL, WEISS, RIFKIND, WHARTON  
& GARRISON LLP**

By: Richard A. Rosen / E.K.  
Richard A. Rosen, Esq.  
Daniel J. Leffell, Esq.  
1285 Avenue of the Americas  
New York, NY 10019  
Tel: 212-373-3000  
Fax: 212-373-2359

*Attorneys for Marc. D. Schnitzer, Robert L. Levy,  
and Leonard W. Cotton, Peter T. Allen, Robert J.  
Dolan, Robert A. Meister, Nathan Gantcher,  
Jerome Y. Halperin, Robert L. Loverd, Janice  
Cook Roberts and Thomas W. White*

**REED SMITH LLP**

By: \_\_\_\_\_  
Steven Cooper, Esq.  
599 Lexington Avenue, 29th Floor  
New York, NY 10022  
Tel: 212-205-6027  
Fax: 212-521-5450

6. Parties in both cases should receive notice of any deposition in either case and should be entitled to attend and cross-examine at all such depositions. Plaintiffs in both cases should collaborate on the identification of deposition witnesses and noticing of depositions to avoid confusion, duplicative requests and undue burden.

Dated April 4, 2008  
New York, New York

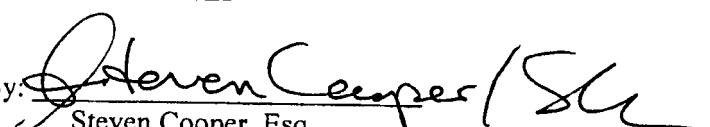
**PAUL, WEISS, RIFKIND, WHARTON  
& GARRISON LLP**

By: \_\_\_\_\_

Richard A. Rosen, Esq.  
Daniel J. Leffell, Esq.  
1285 Avenue of the Americas  
New York, NY 10019  
Tel: 212-373-3000  
Fax: 212-373-2359

*Attorneys for Marc. D. Schnitzer, Robert L. Levy,  
and Leonard W. Cotton, Peter T. Allen, Robert J.  
Dolan, Robert A. Meister, Nathan Gantcher,  
Jerome Y. Halperin, Robert L. Loverd, Janice  
Cook Roberts and Thomas W. White*

**REED SMITH LLP**

By: 

Steven Cooper, Esq.  
599 Lexington Avenue, 29th Floor  
New York, NY 10022  
Tel: 212-205-6027  
Fax: 212-521-5450

**REED SMITH SACHNOFF & WEAVER**

Sarah R. Wolff, Esq.  
10 South Wacker Drive, 40th Floor  
Chicago, IL 60606-7507  
Tel: 312-207-1000  
Fax: 312-207-6400

*Attorneys for Defendants Stephen M. Ross  
and Jeffrey T. Blau*

**WOLFBLOCK, LLP**

By: Jennifer F. Beltrami / EK  
Jennifer F. Beltrami, Esq.  
250 Park Avenue  
New York, NY 10177  
Tel: 212-883-4955  
Fax: 212-672-1155

*Attorneys for Centerline Holding Company*

AFFIDAVIT OF SERVICE BY FED EX

STATE OF NEW YORK      )  
                                )  
                                ) ss.:  
COUNTY OF NEW YORK    )

Dytonia L Reed, being duly sworn, deposes and says:

1. I am not a party to this action, am over 18 years of age and am employed by Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019.
2. On April 4, 2008, I served a true copy of the foregoing: RESPONSE OF DEFENDANTS TO MOTION TO CONSOLIDATE on the following:

Steven Cooper  
Reed Smith LLP  
599 Lexington Avenue  
29th Floor  
New York, New York 10022

Sarah R. Wolff  
Reed Smith LLP  
10 South Wacker Drive  
40th Floor  
Chicago, IL 60606-7507

David E. Wilks  
Reed Smith LLP  
1201 Market Street, Suite 1500  
Wilmington, DE 19801

Christopher J. Keller  
Andrei V. Rado  
Alan I Ellman  
Labaton Sucharow LLP  
140 Broadway  
New York, NY 10005

Evan J. Smith  
Brodsky & Smith, LLC  
240 Mineola Blvd  
Mineola, NY 11501

Richard A. Maniskas  
D. Seamus Kaskela  
Schiffren Barroway Topaz & Kessler, LLP  
280 King of Prussia Road  
Radnor, PA 19087

Curtis V. Trinko  
Law Offices of Curtis v. Trinko, LLP  
16 West 46th Street  
7th Floor  
New York, NY 10036

Samuel H. Rudman  
David A. Rosenfeld  
Coughlin Stoia Geller Rudman & Robbins LLP  
58 South Service Road  
Suite 200  
Melville, NY 11747

Jeffrey S. Abraham  
Abraham, Fruchter & Twersky, LLP  
One Penn Plaza, Suite 2805  
New York, NY 10119

Christopher J. Keller  
Andrei V. Rado  
Alan I Ellman  
Labaton Sucharow LLP  
140 Broadway  
New York, NY 10005

3. I made such service by personally enclosing a true copy of the aforementioned document in a properly addressed prepaid wrapper and delivering it to a Federal Express office for Priority Overnight delivery.

Dytonia L. Reed  
Dytonia L. Reed

Sworn to before me this  
4th day of April, 2008

Marguerite A. Kristof  
Notary Public

**MARGUERITE A. KRISTOF**  
Notary Public, State of New York  
No. 01KR6120915  
Qualified in New York County  
Commission Expires January 3, 2009